

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BALLARD RURAL TELEPHONE)
COOPERATIVE CORPORATION, INC. FOR AUTHORITY)
TO CONSTRUCT AND BORROW FOR THE PURPOSE OF) CASE NO. 9773
IMPROVING TELEPHONE SERVICE IN ITS SERVICE)
AREA)

O R D E R

IT IS ORDERED that Ballard Rural Telephone Cooperative Corporation, Inc. ("Ballard RTCC") shall file an original and eight copies of the following information with the Commission. The information requested herein is due no later than February 9, 1987. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide the present balances of all plant-in-service and associated depreciation reserve accounts that will change as a result of the proposed construction. These should be separated into subaccounts if different depreciation rates are applicable.

2. For all proposed additions to the plant-in-service accounts, provide the amount, USoA number and planned year of placement. Specify the subaccount number if different depreciation rates are applicable. Provide similar information for all retirements and include expected salvage values.

3. Provide an estimate, by Operating Expense Account numbers (USoA 601.1-612), of anticipated maintenance savings that may occur as a result of the new construction. Specify, and justify if appropriate, any assumptions used, such as inflation factors, increased labor rates, increased labor hours required because of deterioration of existing facilities, etc.

4. Since the proposed construction will involve a significant change in technology, it is assumed that present maintenance personnel will be relatively unfamiliar with the new equipment. If this assumption is correct, provide a description of transitional maintenance plans, such as retraining expenses, contractual maintenance expenses, etc. If maintenance is to be handled by contract, how will this affect the ability to react in emergencies? Are these expenses included in previously filed information? If so, please identify the specific location.

5. Provide an estimate of anticipated increased revenues from new services such as custom calling. Show how this estimate was derived.

6. Provide an estimate of the effect on revenues and/or expenses from any new ability to provide automatic message recording, or similar function. Show how this estimate was derived.

7. On a per exchange basis, provide a table of present central office capacity, in terms of wired lines and terminals or other similar measure, and the installed and maximum number of lines for the replacement of central office equipment. Indicate

the type of equipment presently in each exchange and its approximate year of placement.

8. Provide a description of the procedures used, or that will be used, to select the central office equipment vendor. Of particular concern is whether expected future support costs, such as additional lines costs, are a consideration in this process. If so, are there any binding agreements that will insure reasonable future prices and availability?

9. Provide copies of the following REA forms, presumably filed with the REA application:

- a. REA Form 479, "Financial and Statistical Report for Telephone Borrowers", plus attachments.
- b. REA Form 9, "Forecast of Revenue and Expenses".
- c. REA Form 493, "Telephone Loan Budget".

10. Provide a trunking diagram that illustrates the relative position of all exchanges. On this diagram, indicate all EAS and toll facilities by type (digital carrier, fiber, etc.) and quantity for both the existing and proposed systems. The purpose of this request is to gain a general understanding of the system, therefore accurate scaling and excessive detail are not required although indications of approximate distances would be helpful. A legible sketch would be sufficient.

11. What was the most recent TIER authorized for Ballard?

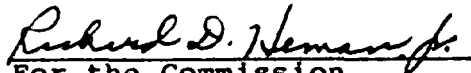
12. What is Ballard's current TIER? Provide detailed documentation for the calculation.

13. What will be Ballard's estimated TIER after the proposed construction is implemented? Provide detailed documentation for the calculation.

14. Provide a detailed pro forma income statement and balance sheet that will result from the proposed construction.

Done at Frankfort, Kentucky, this 23rd day of January, 1987.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director